

Message Text

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ACTION ARA-17

INFO OCT-01 ADP-00 CIAE-00 DODE-00 PM-07 H-02 INR-10 L-03

NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15 USIA-12

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FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC PRIORITY 4068

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E. O. 11652: GDS

TAGS: PGOV, EFIN, CS

SUBJECT: FIGUERES EXPLAINS BANK ACCOUNT

SUMMARY: PRESIDENT FIGUERES WENT ON A NATIONWIDE TV HOOKUP FOR A FULL HOUR LAST NIGHT TO EXPLAIN THE ALLEGATIONS WIDELY REPEATED HERE THAT HE HAD ILLICITLY RECEIVED \$325,000 FROM MUTUALFUND OPERATOR ROBERT VESCO. FIGUERES SAID ON TV THAT THE MONEY IN HIS NEW YORK BANK ACCOUNT REFLECTED NOT A SINGLE DEPOSIT, BUT THE MOVEMENT OF FUNDS THROUGH THE ACCOUNT SINCE LAST AUGUST 1. MOREOVER, HE SAID TOTAL MOVEMENT THROUGH HIS ACCOUNT FROM ALL SOURCES WAS \$436,000 NOT \$325,000, AND ALL OF IT ACCOUNTABLE. HE SAID VERY LITTLE ABOUT VESCO HIMSELF OR HIS INVESTMENTS, BUT REPEATED HIS NOW FAMILIAR LINE OF REPATRIATING CAPITAL SUCKED OUT OF THE DEVELOPING COUNTRIES BY MUTUAL FUNDS IN THE PAST. HE DESCRIBED LEGAL ACTIONS IN THE US AGAINST VESCO IN TERMS OF INTERNAL STRUGGLES WITHIN THE "ESTABLISHMENT" AND DOMESTIC POLITICS, SAID THE SEC WAS DOING ITS JOB, AND BLAMED MOST OF THE CONTROVERSY ON SENSATIONAL JOURNALISM. HE RAILED AT THE WALL STREET JOURNAL (WHICH HE CALLED REACTIONARY) AND FORTUNE, BUT HE RESERVED MOST OF HIS WRATH FOR LA NACION, WHICH HE EXCORIATED. HE ANNOUNCED THAT A NEW NEWSPAPER WOULD BE ESTABLISHED IN SAN JOSE SOON WITH FINANCIAL AND

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TECHNICAL ASSISTANCE FROM EXCELSIOR OF MEXICO. HE OBSERVED THAT SOME SAY VESCO MONEY WILL ALSO BE INVOLVED, AND THEN WITH SLY AND COY GESTURES AND SMILES SAID " WHO KNOWS? WE' LL HAVE TO SEE". END SUMMARY.

2. FIGUERES SAT FOR AN HOUR BEHIND A PILE OF DOCUMENTS, APPARENTLY BANK STATEMENTS AND RECEIPTS, TO WHICH HE CONSTANTLY REFERRED DURING MOST OF HIS RAMBLING LOOSELY ORGANIZED EXTEMPORANEOUS STATEMENTS. HE CHALLENGED LA NACION TO SEND ITS AUDITORS TO CHECK THE ACCURACY AND AUTHENTICITY OF HIS ACCOUNT RECORDS. FIGUERES SAID MOST OF THE MONEY THAT PASSED THROUGH HIS ACCOUNT DID COME FROM VESCO SOURCES IN THE BAHAMAS; HE EXPLAINED THAT \$60,000 HAD BEEN A CONTRIBUTION FOR THE SAN JOSE SYMPHONY ORCHESTRA, \$160,000 HAD BEEN DONATED FOR A FIGUERES PROJECT CALLED PEQUENAS INDUSTRIAS & ARTESANIA (PIA) A SOURCE OF CREDIT FOR HOME INDUSTRIES AND A TOTAL OF \$210,000, FIGUERES SAID, WERE FUNDS WHICH WERE DEPOSITED IN CONNECTION WITH HIS SAN CRISTOBAL " HOLDING COMPANY". FIGUERES DETAILED SOME OF THE SAN CRISTOBAL INVESTMENT (A TAPE OF THE SPEECH IS POUCHED TODAY).

3. FIGUERES WENT ON TO DISCUSS IN NOW FAMILIAR TERMS HIS EFFORTS TO ATTRACT BACK TO COSTA RICA MUTUAL FUND CAPITAL WHICH FLED IN THE LATE 1960' S. HE SAID HE DID NOT THINK THE SEC WAS PERSECUTING HIM OR COSTA RICA BUT IT WAS TRYING TO LOCATE THE MONEY WHICH THE MUTUAL FUNDS HAVE BEEN INVESTING. THE SEC IS DOING ITS DUTY HE ADDED. FIGUERES RAILED AT THE WALL STREET JOURNAL AND FORTUNE MAGAZINE, BUT RESERVED HIS BEST FOR THE SAN JOSE DAILY LA NACION. ALL ARE CONNECTED WITH THE INTERNATIONAL " FINANCIAL ESTABLISHMENT" HE CHARGED. FIGUERES WRATH AT LA NACION LED FIGUERES TO PROCLAIM THAT THE PEOPLE WOULD SOON HAVE A NEWSPAPER BETTER SUITED TO THEIR INTERESTS WHEN THE NEWSPAPER EXCELSIOR GETS STARTED WITH MEXICAN FINANCIAL AND TECHNICAL ASSISTANCE... AND MAYBE VESCO' S HE ADDED AS A TWIT AT LA NACION.

COMMENT:

FIGUERES SEEMS TO HAVE FINALLY SENSED HE HAS SOMETHING OF AN IMAGE PROBLEM OVER HIS INVOLVEMENT WITH VESCO AND LIMITED OFFICIAL USE

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MUTUAL FUNDS AND CONSEQUENTLY DIRECTED THIS SPEECH RIGHT AT THE MASSES TO CORRECT THE PROBLEM. HIS GESTURES, ACCENT AND OVERALL STYLE LEFT NO DOUBT ABOUT THIS. IT WAS A VIRTUOSO PERFORMANCE. THIS TYPE OF PRESENTATION HAS SERVED FIGUERES WELL IN THE PAST, BUT THE PERSISTENCY OF THE VESCO STORY MAY DIMINISH THE PUBLIC IMPACT THIS TIME. THE STRONGLY ANTAGONISTIC SAN JOSE PRESS WILL

CERTAINLY TRY NOT TO LET HIM GET AWAY WITH IT. LA
NACION HAS TAKEN TV TIME TONIGHT TO REBUT THE FIGUERES
SPEECH.
VAKY

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